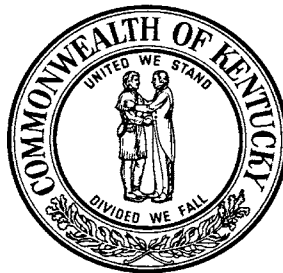


**REPORT OF THE AUDIT OF THE  
LIVINGSTON COUNTY  
SHERIFF'S SETTLEMENT - 2001 TAXES**

**July 19, 2002**



**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**  
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**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**LIVINGSTON COUNTY**  
**SHERIFF'S SETTLEMENT - 2001 TAXES**

**July 19, 2002**

The Auditor of Public Accounts has completed the audit of the Sheriff's Settlement - 2001 Taxes for Livingston County Sheriff as of July 19, 2002. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

The Sheriff collected taxes of \$2,884,038 for the districts for 2001 taxes, retaining commissions of \$111,772 to operate the Sheriff's office. The Sheriff distributed taxes of \$2,768,577 to the districts for 2001 taxes. Taxes of \$197 are due to the districts from the Sheriff and a refund of \$13 is due to the Sheriff.

**Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.



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**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Joe Ward, Livingston County Judge/Executive  
Honorable Tommy Williams, Livingston County Sheriff  
Members of the Livingston County Fiscal Court

Independent Auditor's Report

We have audited the Livingston County Sheriff's Settlement - 2001 Taxes as of July 19, 2002. This tax settlement is the responsibility of the Livingston County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Livingston County Sheriff's taxes charged, credited, and paid as of July 19, 2002, in conformity with the modified cash basis of accounting.



To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Joe Ward, Livingston County Judge/Executive  
Honorable Tommy Williams, Livingston County Sheriff  
Members of the Livingston County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2002, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish extending from the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
December 10, 2002



LIVINGSTON COUNTY  
TOMMY WILLIAMS, COUNTY SHERIFF  
SHERIFF'S SETTLEMENT - 2001 TAXES

July 19, 2002

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 329,390	\$ 392,364	\$ 1,037,995	\$ 376,446
Tangible Personal Property	68,186	59,156	133,926	149,297
Intangible Personal Property				29,633
Fire Protection	1,898			
Taxes Increased Through				
Erroneous Assessments	94	110	295	107
Franchise Corporation	109,822	90,951	226,486	
Additional Billings	300	380	975	353
Limestone, Sand, and Mineral Reserves	7,329	4,619	23,095	8,376
Penalties	3,545	4,380	10,922	3,771
Adjusted to Sheriff's Receipt	5	12	11	(1)
Gross Chargeable to Sheriff	<u>\$ 520,569</u>	<u>\$ 551,972</u>	<u>\$ 1,433,705</u>	<u>\$ 567,982</u>
<u>Credits</u>				
Exonerations	\$ 9,054	\$ 7,635	\$ 28,526	\$ 10,356
Discounts	6,287	6,893	17,791	7,782
Delinquents:				
Real Estate	7,795	9,431	24,509	8,889
Tangible Personal Property	442	215	882	1,054
Intangible Personal Property				1,979
Limestone, Sand, and Mineral Reserves	103	65	326	118
Uncollected Franchise	10,299	9,193	20,566	
Total Credits	<u>\$ 33,980</u>	<u>\$ 33,432</u>	<u>\$ 92,600</u>	<u>\$ 30,178</u>
Taxes Collected	\$ 486,589	\$ 518,540	\$ 1,341,105	\$ 537,804
Less: Commissions *	20,968	14,016	53,644	23,144
Taxes Due	\$ 465,621	\$ 504,524	\$ 1,287,461	\$ 514,660
Taxes Paid	464,996	504,061	1,285,581	513,939
Refunds (Current and Prior Year)	583	411	1,817	694
Due Districts as of		**		
Completion of Fieldwork	<u>\$ 42</u>	<u>\$ 52</u>	<u>\$ 63</u>	<u>\$ 27</u>

\* and \*\* see page 4

LIVINGSTON COUNTY  
TOMMY WILLIAMS, COUNTY SHERIFF  
SHERIFF'S SETTLEMENT - 2001 TAXES  
July 19, 2002  
(Continued)

\* Commissions:

10% on	\$	10,000
4.25% on	\$	1,286,117
4% on	\$	1,341,105
1% on	\$	246,816

\*\* Special Taxing Districts:

Health District	\$	4
Extension District		2
Soil Conservation District		17
Grand Lakes Fire District		40
Ledbetter Fire District		(13)
Burna Fire District		2
		<hr/>

Due Districts or (Refund Due Sheriff)	\$	<u>52</u>
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The accompanying notes are an integral part of the financial statement.

LIVINGSTON COUNTY  
NOTES TO FINANCIAL STATEMENTS

July 19, 2002

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue, which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue, which are recognized when there is proper authorization. Taxes paid are uses of revenue, which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of July 19, 2002, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

LIVINGSTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
July 19, 2002  
(Continued)

Note 3. Tax Collection Period

Property Taxes

The real and personal property tax assessments were levied as of January 1, 2001. Property taxes were billed to finance governmental services for the year ended June 30, 2002. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 2001 through April 20, 2002.

Note 4. Interest Income

The Livingston County Sheriff earned \$711 as interest income on 2001 taxes. As of December 10, 2002, the Sheriff owes \$9 in interest to the school district.

Note 5. Sheriff's 10% Add-On Fee

The Livingston County Sheriff collected \$16,246 of 10% add-on fees allowed by KRS 134.430(3). This amount will be used to operate the Sheriff's office.

Note 6. Advertising Costs And Fees

The Livingston County Sheriff collected \$1,650 of advertising costs and \$1,085 of advertising fees allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff distributed the advertising costs to the county as required by statute, and the advertising fees will be used to operate the Sheriff's office.

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**EDWARD B. HATCHETT, JR.**  
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**Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

We have audited the Livingston County Sheriff's Settlement - 2001 Taxes as of July 19, 2002, and have issued our report thereon dated December 10, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Livingston County Sheriff's Settlement - 2001 Taxes as of July 19, 2002 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Livingston County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
December 10, 2002



